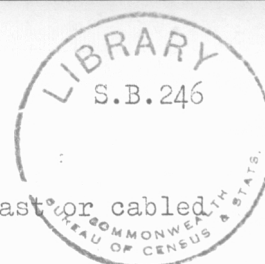


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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
CANBERRA, AUSTRALIA



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SURVEY OF PRIVATE PENSION AND RETIRING ALLOWANCE SCHEMES, 1962-63

I. INTRODUCTION

This statement contains the results of a survey conducted by the Commonwealth Bureau of Census and Statistics in March quarter, 1964. The purpose of the Survey was to obtain details of the operations of superannuation, pension and retiring allowance schemes conducted by private businesses during the year ended June, 1963, or their accounting period nearest to that year. Separate information was required for the following:-

- (i) Schemes operated through life insurance offices, friendly societies and other organizations such as unit trusts;
- (ii) Superannuation, pension and retiring allowance funds constituted by businesses; and
- (iii) Direct payments of pensions and/or retiring allowances by the employer.

Industrial Field Covered

2. The survey was based upon a sample of businesses subject to payroll tax, that is, all those with a payroll of over approximately £860 per month. Government airlines and banks were included, if contributing to their own separate funds rather than to the State or Commonwealth Superannuation Funds, but other government business undertakings were excluded. Rural industries, private domestic services, and certain businesses such as accountants, trade associations, consultant engineers, etc. were excluded because of the small coverage of payroll tax, and statutory coal miners' pension funds because operations of these funds are already published elsewhere.

3. The statistics shown in this statement are estimated totals for the whole field from which the sample was drawn. Some indication of the extent of the field surveyed is given by the fact that the statistics for 1962-63 relate to businesses employing approximately 77 per cent. of the total number of employees in private employment, excluding rural industries and private domestic services. Forms were sent to a sample of approximately 3,500 businesses which included all large businesses with a payroll of over £50,000 in the month when the sample was selected, a large proportion of businesses with a payroll between £20,000 and £50,000 and varying proportions of smaller undertakings.

4. In view of the comparatively small numbers of businesses covered, some of the percentage distributions of these numbers in paragraph 8 and Table 1 should be regarded as giving no more than a very broad indication of the situation. The tables showing details of the financial operations of the various types of schemes are less subject to variability since they are weighted heavily by the operations of large firms in which the coverage is practically complete.

5. Details of the financial operations of government and semi-government superannuation schemes are given in the annual Insurance and Other Private Finance bulletins published by the Commonwealth Bureau of Census and Statistics. Details of the operations of the Coal Miners' Pension Funds are published in the Annual Reports of the State Auditors-General. Since January, 1960, the Monthly Bulletin of Australian Life Insurance Statistics has contained some information on the superannuation business of life insurance offices.

Previous Surveys

6. The two previous surveys in this field conducted by the Commonwealth Bureau of Census and Statistics related to the years 1960-61 and 1961-62. Reports on these surveys were published in March, 1963, in Special Business Survey No. 14, and in March, 1964, in Statistical Bulletin No. 398, respectively. There are no major differences in scope and definition between the three surveys. However, since the survey estimates are based on samples they are subject to sampling variability, that is, variations that might occur by chance because only a sample of the population is enumerated. Because of this sampling variability, it is not possible, in all years,

to reconcile exactly the details of membership (Table 6) or the closing and opening balances of superannuation, pension and retiring allowance funds (Table 5) as shown in the results of the surveys. However, the differences due to these two factors are relatively small.

II. TYPES OF SCHEMES ANALYSED

7. To assist in sampling and analysis, businesses were divided into the following sizes on the basis of their monthly pay-rolls:-

Small Businesses - pay-roll of more than £860 and less than £3,000 monthly;

Medium Businesses - pay-roll over £3,000 but under £20,000 monthly; and

Large Businesses - pay-roll of over £20,000 monthly.

8. In the 1962-63 survey it was found that 52 per cent. of all businesses operated pension or retiring allowance schemes of one or more of the types described in the first paragraph of this statement; 43 per cent. of small businesses (as defined in paragraph 7) operate schemes, 72 per cent. of medium businesses and 96 per cent. of large businesses. In 1961-62 the percentages were 54 per cent. for all businesses, and 44, 72 and 93 per cent., respectively, for small, medium and large businesses. State branches and subsidiary companies were treated as separate businesses, even though their employees were covered by a scheme organized by their head offices or parent company.

9. Table 1 shows a percentage distribution of the following types of scheme, classified by size of business:

- (a) Life Insurance, etc., Schemes: schemes operated solely through life insurance offices, friendly societies, and other organizations such as unit trusts;
- (b) Separately Constituted Funds: schemes conducted solely through superannuation, pension and retiring allowance funds constituted by businesses;
- (c) Combined Schemes: schemes operated both through a life insurance office, etc., and a separately constituted fund;
- (d) Direct Payments Only: if ex gratia and other pension and retiring allowance payments are made directly by an employer and there is no scheme operated through a life insurance office, etc., or a separately constituted fund, this type of scheme is classified in Table 1 as "Direct Payments Only".

TABLE 1. - TYPE OF SUPERANNUATION SCHEMES : PERCENTAGE OF TOTAL SCHEMES BY SIZE GROUPS
(a) (Per Cent.)

Year ended 30th June or substituted accounting period	Size of Business	Life Insurance Scheme only (b)	Separately Constituted Fund only (b) (c)	Combined Scheme (b) (c)	Direct Payments only	Total
1960-61r	Small	68	18	13	1	100
	Medium	61	18	20	1	100
	Large	34	24	41	1	100
	All Sizes	63	18	18	1	100
1961-62r	Small	67	18	14	1	100
	Medium	55	20	24	1	100
	Large	32	26	41	1	100
	All Sizes	61	19	19	1	100
1962-63	Small	64	19	16	1	100
	Medium	51	19	29	1	100
	Large	28	30	41	1	100
	All Sizes	57	20	22	1	100

(a) State branches and subsidiary companies were treated as separate businesses, even though their employees were covered by a scheme organized by their head office or parent company. (b) With or without direct payments by employer. (c) As reported by businesses. In some cases, businesses which had both life insurance schemes and other funds, but which would have had difficulty in supplying separate figures, may have reported all particulars under Separately Constituted Fund. r - revised.

III. FINANCIAL OPERATIONS OF PRIVATE SUPERANNUATION SCHEMES

10. In this section, separate details are shown of the financial operations of:

- (a) Schemes operated through life insurance offices, etc. including the relevant part of Combined Schemes (as defined in paragraph 9(c) above); and
- (b) Superannuation, pension and retiring allowance funds, including the relevant part of Combined Schemes.

11. Some businesses which operated Combined Schemes were unable to provide separate details of the two types of schemes, and so reported all particulars under (b).

12. In some cases where employees of a State branch or subsidiary company included in the sample were covered by a fund organized by the head office or parent company, some degree of estimation was necessary to obtain particulars covering only the businesses included in the sample. This was done by obtaining particulars for the whole of the fund and apportioning them to member branches or companies in proportion to their wages and salaries.

(i) Schemes Operated through Life Insurance Offices, etc.

13. Table 2 shows the amounts contributed through these schemes. Contributions are shown separately for two types of scheme:

- (a) Contributory schemes in which both employee and employer contributed to the premiums; and
- (b) Non-contributory schemes in which only employers made contributions.

TABLE 2. - SCHEMES OPERATED THROUGH LIFE INSURANCE OFFICES ETC.,

AMOUNTS CONTRIBUTED (a)

Year ended 30th June or substituted accounting period	Contributory Schemes		Non- Contributory Schemes	All Schemes	
	Employee Contribution	Employer Contribution	Employer Contribution	Employer Contribution	Total Contribution

AMOUNTS CONTRIBUTED (£ million)

1960-61	10.1	14.7	2.0	16.7	26.8
1961-62	10.6	15.1	2.2	17.3	27.9
1962-63	11.2	15.8	2.8	18.6	29.8

PERCENTAGE OF TOTAL CONTRIBUTIONS

1960-61	38	55	7	62	100
1961-62	38	54	8	62	100
1962-63	38	53	9	62	100

(a) Some information on benefits paid from schemes operated through life insurance offices may be found in the Monthly Bulletin "Australian Life Insurance Statistics" and in the Finance Bulletin, "Insurance and Other Private Finance, 1962-63".

The average contributions per employee covered by contributory and non-contributory schemes were:

	<u>1960-61</u>	<u>1961-62</u>	<u>1962-63</u>	
Contributed by employees	£43.2	£43.9	£45.5)	per employee covered
Contributed by employers	£71.5	£71.6	£75.5)	
Total contributed	£114.7	£115.5	£121.0)	

(ii) Superannuation, Pension and Retiring Allowance Funds

14. Tables 3 and 4 show the estimated income and expenditure of superannuation, pension and retiring allowance funds during 1962-63, and comparative figures for 1960-61 and 1961-62.

In Table 3, contributions are shown separately for the following two types of scheme but the other components of income are shown for both types of scheme combined:

- (a) Contributory schemes, in which both employee and employer contributed to the fund; and
- (b) Non-contributory schemes, in which only employers made contributions.

TABLE 3. - SUPERANNUATION, PENSION AND RETIRING ALLOWANCE FUNDS : INCOME

(Year ended 30th June or substituted accounting period)

Year	Contributions				Other Income			Total Income
	Contributory Schemes		Non-Contributory Schemes	All Schemes	Interest on Commonwealth Local and Semi-Government Securities	Other Interest and Dividends	Other Income (a)	
	Employee Contributions	Employer Contributions	Employer Contributions	Employer Contributions				
AMOUNT (£ million)								
1960-61(b)	10.2	18.0	2.8	20.8	5.4	9.2	3.2	48.8
1961-62(b)	11.8	21.2	2.9	24.1	6.5	10.5	4.7	57.6
1962-63(b)	12.6	21.8	3.2	25.0	7.4	12.2	5.9	63.1
PERCENTAGE OF TOTAL INCOME								
1960-61	21	37	6	43	11	19	6	100
1961-62	21	37	5	42	11	18	8	100
1962-63	20	35	5	40	12	19	9	100

(a) Includes receipts from surrender of life insurance policies, profits on sale of investments, sub-underwriting commissions, etc.

(b) The average contributions per employee covered by contributory and non-contributory schemes were:

	1960-61	1961-62	1962-63	
Contributed by employees	£35.6	£39.8	£40.7)	per employee covered
Contributed by employers	£72.7	£81.2	£80.7)	
Total contributed	£108.3	£121.0	£121.4)	

TABLE 4. - SUPERANNUATION, PENSION AND RETIRING ALLOWANCE FUNDS :

EXPENDITURE

(Year ended 30th June or substituted accounting period)

(£ million)

Year	Pensions			Lump Sum Payments			Other Expenditure (a)	Total Expenditure
	Former Employees	Widows or Children	Total	On Retirement or Death	On Resignation or Dismissal	Total		
1960-61	3.8	0.6	4.4	4.0	3.7	7.7	1.9	14.0
1961-62	4.3	0.8	5.1	5.4	4.0	9.4	2.4	16.9
1962-63	5.1	0.9	6.0	6.7	4.7	11.4	3.0	20.4

(a) Includes administrative expenses payable from fund, loss on sale of investments, life insurance premiums paid, etc.



TABLE 5. - SUPERANNUATION, PENSION AND RETIRING ALLOWANCE FUNDS, BY TYPE OF ASSETS

At 30th June or substituted balance date	Cash and Bank Balances	Commonwealth Government Securities	Local and Semi- governmental Securities	Loans on Mortgage (a)	Company Debentures Notes Loans etc. (b)	Shares in Companies	Other Assets (c)	Total Assets	Less Sundry Creditors etc.	Amount of Funds (d)
AMOUNT										
(£ million, at Book Values at balance dates in year quoted)										
1960-61	8.7	45.5	74.4	21.8	73.9	63.0	9.9	297.2	2.3	294.9
1961-62	8.0	53.4	82.9	21.0	84.0	74.7	13.5	337.5	2.7	334.8
1962-63	9.6	61.9	93.6	21.5	94.6	87.4	13.0	381.6	4.1	377.5
PERCENTAGE DISTRIBUTION										
1960-61	3	16	25	7	25	21	3	100
1961-62	2	16	25	6	25	22	4	100
1962-63	2	16	25	6	25	23	3	100

(a) Excludes loans to building societies which are included in other assets.

(b) Includes loans to authorised dealers in short-term money market.

(c) Includes investment in real estate.

(d) See paragraph 6.

IV. MEMBERSHIP OF PRIVATE SUPERANNUATION FUNDS

15. In Table 6, separate details of membership are shown for:
- (i) Schemes operated through life insurance offices, etc.; and
 - (ii) Superannuation, pension and retiring allowance funds constituted by businesses.

16. Members of combined schemes are included in both sections. The numbers of members are rounded to the nearest hundred.

TABLE 6. - MEMBERSHIP OF PRIVATE SUPERANNUATION SCHEMES (a)

(Year ended 30th June or substituted accounting period)

Particulars	Schemes operated through Life Insurance Offices, etc.			Superannuation, Pension and Retiring Allowance Funds		
	1960-61 r	1961-62 r	1962-63	1960-61 r	1961-62 r	1962-63
Employees covered at beginning of fund's year	227,800	232,200	241,700	269,600	281,000	296,800
New entrants during year	29,100	32,800	30,300	53,000	49,300	47,300
Exits during year -						
Death and retirement (age and invalidity)	2,800	3,000	3,000	4,300	4,500	4,500
Other (resignation, dismissal, etc.)	20,500	20,300	22,700	32,000	29,000	29,900
Number of employees covered at end of fund's year -						
Males	215,300	222,300	227,100	237,700	247,800	262,200
Females	18,300	19,400	19,200	48,600	49,000	47,500
Number receiving pensions at end of fund's year -						
Former employees)			9,600	9,800	9,400
Widows and children) 2,000	2,000	1,900	2,900	3,400	3,300

(a) See paragraph 6.

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V. DIRECT PAYMENTS OF PENSIONS AND RETIRING ALLOWANCES

17. Some businesses make direct payments of pensions and retiring allowances either instead of, or in addition to, operating a scheme through a life insurance office, etc. or a superannuation, pension and retiring allowance fund. These details are given in Table 7 below. The numbers of recipients of pensions and retiring allowances are rounded to the nearest hundred.

TABLE 7. - DIRECT PAYMENTS OF PENSIONS AND RETIRING ALLOWANCES

Year ended 30th June or substituted accounting period	Pensions		Retiring Allowances	
	Number	Amount £ million	Number	Amount £ million
1960-61	10,200	2.8	3,800	2.5
1961-62	10,200	2.8	4,000	2.2
1962-63	10,500	2.6	3,500	1.9
	Average Amount paid per beneficiary		Average Amount paid per beneficiary	
	£		£	
1960-61	275		658	
1961-62	275		550	
1962-63	248		543	

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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

CANBERRA, A.C.T.

24TH AUGUST, 1965

NOTE. - Inquiries concerning these statistics may be made in Canberra by telephoning 70413 extension 583 or, in each State capital, by telephoning the office of the Bureau of Census and Statistics.

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